

PREMERA BLUE CROSS/PREMERA OF ALASKA TRANSFER OF ASSETS AGREEMENT

THIS TRANSFER OF ASSETS AGREEMENT (this “**Agreement**”) is entered into as of [____], 200[] (the “**Closing Date**”) by and between Premera Blue Cross, a Washington nonprofit corporation (“**Premera Blue Cross**”), and [Premera Blue Cross Blue Shield of Alaska Corp.], an Alaska corporation (“**Premera of Alaska**”).

RECITALS

WHEREAS, as a result of the planned dissolution of Premera Blue Cross, PREMERA, a Washington nonprofit miscellaneous corporation (“**PREMERA**”), will acquire Premera Blue Cross’s assets, which, ~~following the transfer of assets pursuant to this Agreement and~~ at the time of dissolution, will include One Thousand (1,000) shares of [New Premera Blue Cross Corp.’s] (“**New Premera Blue Cross**”) no par value common stock, representing 100% of the issued and outstanding shares of New Premera Blue Cross’s common stock;

WHEREAS, Premera Blue Cross pursuant to the transfer of assets under this Agreement shall acquire 100% of the issued and outstanding shares of Premera of Alaska which it shall in turn transfer to New Premera Blue Cross pursuant to the Premera Blue Cross/New Premera Transfer of Assets Agreement;

WHEREAS, [New PREMERA Corp.], a Washington corporation (“**New PREMERA**”), became a licensee of the Blue Cross and Blue Shield Association (the “**BCBSA**”) upon consummation of the series of transactions contemplated by the Plan of Conversion (the “**Plan of Conversion**”) attached as Exhibit A-4 to the Statement Regarding the Acquisition of Control of a Domestic Health Carrier and a Domestic Insurer which was filed by PREMERA on behalf of New PREMERA with the Insurance Commissioner of the State of Washington, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division on September 17, 2002, as amended on February 5, 2004, thereby enabling New PREMERA to use the “Blue Cross” and “Blue Shield” names and related rights; and

WHEREAS, the execution and delivery of this Agreement is part of the Plan of Conversion and is pursuant to a plan of reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to which Premera Blue Cross, following the transfer of assets to Premera of Alaska pursuant to this Agreement and receipt of the Premera of Alaska stock, transfers all of its assets and liabilities to New Premera Blue Cross (including the Premera of Alaska stock and the stock of all of Premera Blue Cross’s other subsidiaries) in exchange for all of the stock of New Premera Blue Cross, and Premera Blue Cross immediately liquidates, distributing all of the stock of New Premera Blue Cross to PREMERA, all as approved by PREMERA as set forth on **Exhibit A** attached hereto.

NOW, THEREFORE, in consideration of the premises and the mutual representations and agreements contained herein, Premera Blue Cross and Premera of Alaska hereby agree as follows:

AGREEMENT

Section 1. TRANSFER OF ASSETS

Subject to the terms and conditions of this Agreement, as of the Closing Date, Premera Blue Cross shall convey, transfer, assign and deliver to Premera of Alaska, and Premera of Alaska shall acquire and accept from Premera Blue Cross, without reservation, all of the assets listed on Schedule 1 attached hereto (the “**Assets**”).

Section 2. ASSUMPTION OF LIABILITIES

In connection with the conveyance, transfer, delivery and assignment of the Assets, upon execution and delivery of this Agreement, Premera of Alaska will assume, pay, perform and discharge when due all of the obligations of Premera Blue Cross listed on Schedule 2 attached hereto as the same shall exist on the Closing Date (the “**Assumed Liabilities**”).

Section 3. EXCHANGE

In consideration for the Assets, Premera of Alaska shall issue to Premera Blue Cross One Thousand (1,000) shares of its One Dollar (\$1.00) par value common stock (the “**Common Stock**”), representing 100% of the issued and outstanding shares of Common Stock of Premera of Alaska, and assume, as of the Closing Date, the Assumed Liabilities set forth in Section 2 above.

Section 4. CLOSING DATE

The transfer provided for herein shall be consummated on the Closing Date at such place and at such time (the “**Effective Time**”) as the parties hereto may agree. All Assets shall be deemed transferred as of the Effective Time and all documents delivered on the Closing Date shall reflect the transfers occurring at the Effective Time.

Section 5. MISCELLANEOUS

5.1 Further Acts. Each party hereto agrees that, as requested by the other party after the Closing Date, it will do all such further acts as may be required to effectuate the consolidation contemplated hereby.

5.2 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to Washington’s conflict of law or choice of law rules. The parties irrevocably submit to

the exclusive jurisdiction of the state and federal courts situated in King County, Washington in any proceeding relating to this Agreement, and agree that any process or summons in any such action may be served by providing to the party a copy thereof in accordance with the notice provisions of this Agreement.

5.3 Fair Construction. This Agreement is the product of negotiation and shall be deemed to have been drafted by all of the parties. It shall be construed in accordance with the fair meaning of its terms and its language shall not be strictly construed against, nor shall ambiguities be resolved against, any particular party.

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

5.6 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, shall be held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all remaining provisions contained herein shall not be in any way impaired thereby.

(the remainder of this page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PREMERA BLUE CROSS,
a Washington nonprofit corporation

Print Name: _____

Its: _____

PREMERA BLUE CROSS BLUE SHIELD OF ALASKA CORP.,
an Alaska corporation

Print Name: _____

Its: _____

EXHIBIT A

**~~ACKNOWLEDGEMENT AND CONSENT~~
~~OF~~
~~PREMERA~~**

**CONSENT OF MEMBER
IN LIEU OF SPECIAL MEETING
OF
PREMERA BLUE CROSS**

PREMERA, a Washington nonprofit miscellaneous corporation formed under the Revised Code of Washington (the "RCW") Chapter 24.06 (the "Member"), being the sole voting member of Premera Blue Cross, a Washington nonprofit corporation formed under RCW Chapter 24.03 (the "Corporation"), takes the following actions without a meeting:

WHEREAS, the Board of Directors of the Corporation believes it to be in the Corporation's best interests that the Corporation adopt the Plan of Reorganization attached hereto as ***Exhibit A***, in accordance with Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended, that it adopt the Plan of Distribution, attached hereto as ***Exhibit B***, and that the Corporation be dissolved; and

WHEREAS, pursuant to such Plan of Distribution, the Corporation's assets on dissolution will be transferred to the Member; and

WHEREAS, such liquidation distributions are subject to the provisions applicable to dissolution distributions governed by RCW 24.03.225; and

WHEREAS, the Board of Directors has determined that distribution of the Corporation's assets upon dissolution to the Member is conditioned upon the Member acknowledging and confirming such restrictions; and

WHEREAS, the transactions provided for in the Plan of Reorganization and the Plan of Distribution have received all required governmental approvals; it is hereby

RESOLVED: That the Member hereby authorizes the execution, delivery and performance of its obligations under the Acknowledgement and Consent, attached hereto as ***Exhibit C***;

RESOLVED: That the Member hereby adopts the Plan of Reorganization, attached hereto as ***Exhibit A***; and it is

RESOLVED FURTHER: That the Member hereby decides to voluntarily dissolve the Corporation pursuant to RCW 24.03.220; and it is

RESOLVED FURTHER: That pursuant to RCW 24.03.225 and RCW 24.03.230, the Plan of Distribution, attached hereto as ***Exhibit B***, which has been approved by the Board of Directors, is hereby adopted by the Member; and it is

RESOLVED FURTHER: That the officers of the Corporation, or any one of them, are hereby authorized and directed to obtain a tax clearance certificate from the Washington Department of Revenue and execute and file Articles of Dissolution, in the form attached hereto as ***Exhibit D***, with the Secretary of State of the State of Washington; and it is

RESOLVED FURTHER: That the officers of the Corporation, or any one of them, are hereby authorized to execute and deliver any documents and to take any other actions as may be necessary and proper to effectuate the intent and purpose of these resolutions.

Dated this ____ day of _____, 200_.

PREMERA

By: _____
Its: _____

EXHIBIT A

PLAN OF REORGANIZATION

OF

PREMERA BLUE CROSS

Premera Blue Cross, a Washington nonprofit corporation formed under RCW Chapter 24.03 (the "Corporation"), hereby adopts the following plan of reorganization in accordance with Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended, to change its form of organization to become a Washington corporation under RCW Chapter 23B:

1. Pursuant to the Transfer of Assets Agreements attached hereto, the Corporation will (a) undertake the contribution of (all of the assets and liabilities listed on Schedule 1 to Premera Blue Cross Blue Shield of Alaska, an Alaska corporation formed under Chapter 10.06 of the Alaska Statutes, in exchange for all of the issued and outstanding stock of Premera Blue Cross Blue Shield of Alaska; and then (b) undertake the contribution of all of the Corporation's assets and liabilities, including the stock of Premera of Blue Cross Blue Shield of Alaska, to [New Premera Blue Cross Corp.], a Washington corporation formed under RCW Chapter 23B, in exchange for all of the issued and outstanding stock of [New Premera Blue Cross Corp.].
2. The Corporation will distribute 100% of its assets, including all the stock of [New Premera Blue Cross Corp.], to the Corporation's sole voting member, PREMERA, a Washington nonprofit miscellaneous corporation formed under RCW Chapter 24.06 and then liquidate and dissolve as soon as practical thereafter pursuant to the Articles of Dissolution attached hereto.

CROSS

PREMERA BLUE

By: _____
Its: _____

EXHIBIT B

PLAN OF DISTRIBUTION

OF

PREMERA BLUE CROSS

Pursuant to RCW 24.03.230, the following Plan of Distribution for Premera Blue Cross, a Washington nonprofit corporation formed under RCW Chapter 24.03 (the "Corporation"), shall indicate how the Corporation shall distribute its assets upon its voluntary dissolution:

The Corporation shall apply and distribute the assets of the Corporation as follows:

~~1.~~ 1. All liabilities and obligations of the Corporation shall be paid, satisfied and discharged, or adequate provision shall be made ~~therefor~~ therefore; provided that, (a) the prior assumption of liabilities by Premera Blue Cross Blue Shield of Alaska, an Alaska corporation, and in connection with the transfer of the Alaska assets and liabilities from the Corporation in exchange for the stock of such entity, and (b) the prior assumption of liabilities by [New Premera Blue Cross Corp.], a Washington corporation, in connection with transfer of the Corporation's assets and liabilities remaining after the Alaska asset transfer (but including the stock of Premera Blue Cross Blue Shield of Alaska) in exchange for stock of the respective entities [New Premera Blue Cross Corp.], pursuant to the terms of the Transfer of Assets Agreements attached hereto, shall be deemed adequate provision for such liabilities;

~~2.~~ 2. Once all liabilities and obligations have been paid or adequately provided for, the Corporation's remaining assets shall be transferred and conveyed to its sole voting member, PREMERA, a Washington nonprofit miscellaneous corporation formed under RCW Chapter ~~24.06~~ 24.06, subject to the restriction that such assets, proceeds of sale and investment income of such assets and proceeds, as invested and reinvested (the "Restricted Assets"), shall be received and held by PREMERA subject to limitations permitting their use only for social welfare and charitable purposes to promote the health of the residents of the States of Washington and Alaska as follows:

(a) As to the residents of the State of Washington, Restricted Assets shall be used to promote the health of the residents of the State of Washington by:

i. improving health education and awareness;

~~ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL~~

- ii. improving the quality of health care and access to health care and related services;
 - iii. addressing the unmet health care needs of low-income uninsured and underinsured populations;
 - iv. supporting the education of health care providers to increase the number of active physicians, including specialists, and nurses in medically underserved areas;
 - v. supporting programs aiming to (i) make health care delivery more comprehensive and flexible, and (ii) develop and promote the most efficient uses of health care facilities, resources and services;
 - vi. supporting community-based and culturally competent programs that may address one or more of the foregoing purposes;
 - vii. conducting health policy research and analysis for the development of health policy that will promote systemic change in the programs and activities related to the foregoing purposes;
 - viii. providing grants and establishing programs to carry out such purposes; and
 - ix. otherwise serving the health care needs of residents of the State of Washington.
- (b) As to the residents of the State of Alaska, the Restricted Assets shall be used to promote the health of the residents of the State of Alaska by:
- i. improving the availability of quality, affordable health care and related services;
 - ii. addressing the unmet health needs of Alaskans;
 - iii. supporting the education and availability of health care providers in Alaska and develop more efficient and effective models for promoting health in the state;
 - iv. supporting programs of study and research aiming to make health and wellness resources more comprehensive, flexible, and efficient within Alaska;
 - v. supporting initiatives to address short and long-term public health needs and concerns; and

~~ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL~~

vi. otherwise serving the health needs of residents of the State of Alaska.

(c) Under no circumstances shall such assets be used for:

i. activities that, within the meaning of the Internal Revenue Code of 1986, as amended, would be lobbying, the carrying on of propaganda or otherwise attempting to influence legislation; provided however that in the event the Articles of Incorporation of either Foundation are amended with the written consent of the respective Attorney General to allow lobbying activities, then nothing in this Agreement shall prevent the Foundations from engaging in lobbying activities as specifically allowed for under the purposes provisions in the Articles of Incorporation of each Foundation as so amended provided that no Common Stock Proceeds may be used for such lobbying activities;

ii. any political campaign on behalf of (or in opposition to) any candidate for public office; or

iii. activities, programs or initiatives that likely would result in material adverse changes in the operations of entities engaged in the business of providing coverage of or the administration of health benefits, including, without limitation, any health insurer, health carrier, health maintenance organization or health plan in Washington or Alaska.

PREMERA BLUE CROSS

By: _____
Its:

EXHIBIT C

ACKNOWLEDGEMENT AND CONSENT

OF

PREMERA

PREMERA, a Washington nonprofit miscellaneous corporation formed under RCW Chapter 24.06 and sole voting member of Premera Blue Cross, a Washington nonprofit corporation formed under RCW Chapter 24.03, and transferee of Premera Blue Cross's remaining assets on Premera Blue Cross's dissolution, acknowledges and confirms that:

1. PREMERA takes such transferred assets subject to the limitations applicable to dissolution distributions governed by RCW 24.03.225; and
2. Prior to any subsequent transfer of such assets, PREMERA will obtain from the transferee a similar acknowledgement and confirmation of such restrictions on the use and application of such assets.— pursuant to the terms of the Transfer, Grant and Loan Agreement.

PREMERA

By: _____
Its: _____

EXHIBIT D

ARTICLES OF DISSOLUTION

OF

PREMERA BLUE CROSS

Pursuant to RCW 24.03.240, the following Articles of Dissolution are submitted for filing:

1. The name of the corporation is Premera Blue Cross (the "Corporation").
2. The sole voting member of the Corporation adopted a resolution to dissolve the Corporation by written consent on or _____, 200__.
3. All debts, obligations and liabilities of the Corporation have been paid, satisfied and discharged, or adequate provision has been made therefor.
4. All remaining property and assets of the Corporation have been transferred, conveyed or distributed in accordance with RCW 24.03.225.
5. With respect to any suits pending against the Corporation in any court, adequate provision has been made for the satisfaction of any judgment, order or decree which may be entered against the Corporation.
6. A copy of the Department of Revenue Tax Clearance Certificate, issued on _____, 200__, is attached hereto.

Dated _____, 200__.

PREMERA BLUE CROSS

By: _____
Its: _____

SCHEDULE 1

ASSETS

SCHEDULE 2
ASSUMED LIABILITIES

